

IMPORTANT NOTICE REGARDING DISCONTINUATION OF COBRA BENEFITS EFFECTIVE JANUARY 1, 2006

The self funded medical, dental and vision welfare benefit plan offered through the Diocese of Austin and its affiliates is considered a church plan within the meaning of section 3(33) of Title I of the Employee Retirement Income Security Act of 1974 (ERISA) and is thus excluded from ERISA Title I requirements by section 4(b)(2) of ERISA.

This exclusion allows the plan to exempt itself from the requirement to offer continued benefits under the Consolidated Omnibus Reconciliation Act of 1985 (COBRA).

Effective 12:01 am Central Standard Time on January 1, 2006 the plan offered through the Diocese of Austin and its affiliates will no longer offer continuation of benefits as required by COBRA for any qualifying events that occur after this point in time.

Grandfathering Provision

Any members of the plan who incur a Qualifying Event as defined within COBRA prior to 12:01 am Central Standard Time on January 1, 2006 and exercise their rights to continued coverage as defined in the current Summary Plan Description, or any existing member who has already initiated coverage under COBRA prior to this time, will be allowed to continued COBRA benefits for the duration of the allowed COBRA continuation time period as defined in the plan that existed prior to 12:01 am Central Standard Time on January 1, 2006 as long as payments are received on time.

New Continuation Provision

As of 12:01 am Central Standard Time on January 1, 2006, any enrolled member who loses coverage under the plan will be allowed to continued coverage under the plan at their own expense for a period of time not to exceed 180 days from the date that coverage ceases provided that the primary enrollee under the plan (the employee) has attained a 2 year service period as a full time employee with an affiliated entity of the Diocese of Austin.

Upon termination from the plan or loss of coverage, if you are interested in obtaining information regarding the cost of continued benefits, contact Sandra Lujan at 915-231-4215 or at sandra.lujan@healthscopebenefits.com.